

Department for Medicaid Services
General Policies and Guidelines

Hospitals

Type XI hospitals shall include all out-of-state hospitals. The "base" amount shall be one (1) dollar. Type XI hospitals shall qualify for an earned adjustment which is equal to ten (10) cents for each one (1) percent of Medicaid occupancy above one (1) standard deviation.

Hospitals shall report their indigent patient days to the Department for Medicaid Services on a monthly basis utilizing the Indigent Patient Data Form for non-Medicaid Patients and the Medicaid Patient Data Form. These forms shall be submitted to Medicaid Services within 15 days of the end of each month.

Disproportionate share payments shall be made to hospitals on a quarterly basis, based upon the indigent days information submitted by the hospital. The indigent day information is subject to audit by the Cabinet and disproportionate share payments shall be subject to adjustment based on audit findings.

Any acute care disproportionate share hospital with 100 beds or less (Types I, II, and V) may qualify for an earned adjustment to its minimum payment amount. The aggregate (total) amount available to a facility to be earned shall be determined using statistical data from the period of July 1, 1993 through February 28, 1994, with the

Department for Medicaid Services
General Policies and Guidelines

Hospitals

determination made in the following manner: multiply the facility's rate for April 1, 1993, by the number of Medicaid days for the period of July 1, 1993 through February 28, 1994; compare that amount to the amount the facility was correctly paid for the period of July 1, 1993 through February 28, 1994, for Medicaid days; if the amount the facility was paid was less than the amount the facility would have been paid using the April 1, 1993, rate the facility may earn the difference (the aggregate) so long as the difference was not in excess of the actual cost to the facility of providing Medicaid services. The adjustment may be earned by participation in the Medicaid program, payable at the rate of one-fourth (1/4) of the aggregate total for each month of participation beginning with March 1994 and ending with June 1994.

Any acute care disproportionate share hospital of 100 beds or less shall receive a minimum disproportionate share hospital payment of \$200,000 for the period of March 1, 1994 through June 30, 1994. This payment shall be made in two (2) equal installments of \$100,000 each with the first payment amount to be paid on or before March 1, 1994, and the second payment amount to be paid on or before June 30, 1994. This is in compliance with section 1923(c)(3)(B) of the Social Security Act.

Department for Medicaid Services
General Policies and Guidelines

Hospitals

In compliance with Section 1923 (c) (3) (B) of the Social Security Act, any psychiatric disproportionate share hospital of 100 beds or less shall receive an adjustment to the fiscal year 1994 payment that consists of a base payment of \$200,000 and an additional amount for each indigent day of care provided payable at the Medicaid rate plus \$10.

- (b) Only in fiscal year 1994, an adjustment to the state fiscal year 1994 payment will be made to all qualifying hospitals which shall be the difference between payments made by using a distribution method based on each hospital's volume of indigent care days payable at the Medicaid rate plus \$10 and each hospital's proportion of the total cost of indigent care.

- (c) Payments for the period of July 1, 1994 and thereafter:

Type I hospitals shall be in-state disproportionate share hospitals.

Type II hospitals shall be out-of-state disproportionate share hospitals.

The disproportionate share hospital payments for Type I hospitals shall be distributed to each hospital according to its proportion to the funds available for the year. The proportion shall be calculated by dividing the cost of each facility's indigent care by the total cost of indigent care for all qualifying hospitals.

Department for Medicaid Services
General Policies and Guidelines
Hospitals

Each Type II (out-of-state) hospital shall receive a payment of one (1) dollar per Medicaid day plus an additional amount equal to ten (10) cents for each one (1) percent of Medicaid occupancy above one (1) standard deviation.

(d) Disproportionate share hospital payments for the period beginning December 31, 1994.

(1) A. Type I hospitals shall be in-state disproportionate share hospitals with 100 beds or less.

B. Type II hospitals shall be in-state disproportionate share hospitals, with 101 beds or more, except for Types III and IV.

C. Type III hospitals shall be in-state disproportionate share hospitals that have been designated as state university teaching hospitals.

D. Type IV hospitals shall be in-state disproportionate share hospitals that are state-owned psychiatric hospitals.

E. Type V hospitals shall be out-of-state disproportionate share hospitals.

(2) A. The disproportionate share hospital payments for Type I and Type II hospitals will be based upon available funds. The funds shall be distributed to each qualifying hospital according to its proportion of costs to the total funds available for the year. The proportions shall be calculated by dividing the cost of each hospital's indigent care by the total cost of indigent care for all hospitals. In addition to the amount described above, any Type I hospital shall receive a base disproportionate share payment of \$200,000 for the period of December 31, 1994 through June 30, 1995.

B. The disproportionate share hospital payments for Type III hospitals shall be equal to 200 percent (reduced effective July 1, 1995 to 100 percent), and for Type IV hospitals, 100 percent, of the cost of services to Medicaid patients, less the amount paid by Medicaid under nondisproportionate provisions, plus the cost of services to uninsured patients, less any cash payments made by uninsured patients.

C. The disproportionate share hospital payments for Type V hospitals shall be one (1) dollar per Medicaid day plus an amount equal to ten (10) cents for each one (1) percent of Medicaid occupancy above one standard deviation.

Department for Medicaid Services
General Policies and Guidelines
Hospitals

(e). Effective February 20, 1995, to be classified as a Type III hospital, a university teaching hospital must make a request to the Department for Medicaid Services for Type III status. Any hospital approved as a Type III hospital shall agree as part of its request to forgo any local or state governmental contributions for charity care and to provide up to 100 percent of the state matching funds for FFP through an intergovernmental transfer.

(f). To qualify for the base payment of \$200,000, as outlined in (2) A., hospitals must submit to the Cabinet a written commitment and a description of a planning approach by the hospital to work with local health department(s) and other appropriate providers to provide medical services to the indigent. This plan shall be based on an assessment of community health needs using a methodology approved by the Cabinet. This plan shall be submitted for review by the Cabinet and the General Assembly's Interim Committee on Health and Welfare no later than June 30, 1995.

(g). Type I and Type III hospitals shall submit, by the 15th of each month, reports to the Department for Medicaid Services and the Legislative Research Commission. These reports shall indicate the number of indigent patients treated for the prior month and the costs associated with their care.

Department for Medicaid Services
General Policies and Guidelines

Hospitals

102D. RATE ADJUSTMENT FOR PROVIDER TAX

In order for Medicaid Services to adjust the 7/1/93 rates effective 8/1/93 for the cost of the provider tax which is effective 7/1/93, providers shall submit to the Division of Reimbursement Operations a copy of the Provider Tax Schedule filed with the Revenue Cabinet for the months of July through December 1993. The copy of the tax forms shall be submitted to Reimbursement Operations by the end of the month in which they are required to be filed with the Revenue Cabinet.

The Department for Medicaid Services shall compute an add-on to the Hospital per diem based on the data. The add-on is subject to adjustment based on submissions subsequent to the July tax forms (submitted in August 1993). For rate periods beginning on or after March 1, 1994, the cost of provider taxes shall be allowable cost but excluding provider tax per diem rate adjustments.

Page 102D.01

TN# 94-3
Supersedes
TN# 93-12Approved OCT 2 8 1993Eff. Date 3-1-94

Department for Medicaid Services
General Policies and Guidelines

- (2) Effective March 1, 1991 the minimum that any hospital shall receive shall be 13.75 percent of the hospital's operating costs. Total HICAP payments equal the minimum plus earned payments, if any. The earned payments for March would be computed as follows: for the first 7.6924 percent of the HICAP funds (an amount equivalent to one (1) percent of the HICAP participating hospital's total operating costs on a monthly basis) the Department shall multiply the indigent care factor for each hospital by the projected total non-reserved moneys in the indigent care trust fund for March 1991. The resulting product minus one (1) percent of the hospital's operating cost on a monthly basis is the earned payment amount for the first 7.6924 percent of the HICAP funds. To determine the earned payment amount on the next 46.1538 percent of the HICAP funds available for March, the Department shall multiply the indigent care factor for each hospital by the projected total non-reserved moneys in the indigent care trust fund for March; the resulting product, minus 6.375 percent of the hospital's monthly operating cost, is the earned payment amount, except that such earned payment amount cannot exceed twelve (12) percent of the hospital's monthly operating cost. To determine the

Page 102D.02

TN NO. 91-8
Supersedes
TN NO. 90-15

Approval Date JAN 14 1992Effective Date 3-1-91

earned payment amount on the last 46.1538 percent of the HICAP funds available for March, the Department shall multiply the indigent care factor for each hospital by the projected total non-reserved moneys in the indigent care trust fund for March; the resulting product, minus 6.375 percent of the hospital's monthly operating cost, is the earned payment amount, except that such earned payment amount cannot exceed six (6) percent of the hospital's monthly operating cost. Effective April 1, 1991 the minimum that any hospital shall receive shall be five and 1/4 percent (5.25%) of the hospital's quarterly operating costs. Total HICAP payments equal the minimum plus earned payments, if any. Earned payments for April, 1991 and thereafter are computed in accordance with items 3, 4, and 5 below.

- (3) To determine the earned payment on the first twenty (20) percent of the HICAP funds the Department shall multiply the indigent care factor for each hospital by the projected total non-reserved moneys in the indigent care trust fund for the assessment period. The resulting product minus 1.05 percent of the hospital's quarterly operating cost is the earned payment amount for the first twenty (20) percent of the HICAP funds.

Department for Medicaid Services
General Policies and Guidelines

Hospitals

(4) To determine the earned payment on the next forty (40) percent of the HICAP funds, the Department shall multiply the indigent care factor for each hospital by the projected total non-reserved moneys in the indigent care trust fund for the assessment period; the resulting product, minus 2.10 percent of the hospital's quarterly operating cost, is the earned payment amount, except that such earned payment amount cannot exceed four (4) percent of the hospital's quarterly operating cost.

(5) To determine the earned payment on the last forty (40) percent of the HICAP funds, the Department shall multiply the indigent care factor for each hospital by the projected total non-reserved moneys in the indigent care trust fund for the assessment period; the resulting product, minus 2.10 percent of the hospital's quarterly operating cost, is the earned payment amount, except that such earned payment amount cannot exceed two (2) percent of the hospital's quarterly operating cost.

Department for Medicaid Services
General Policies and Guidelines

Hospitals

- (6) Each hospital shall be notified in writing by the Department of the results of the determination made in Section 102D(b)(1) of this manual. If no hospital submits a request for reconsideration under Section 102D(c) of this manual the determination shall be considered final.
- (7) Payments to hospitals of the annual amount determined under subsection 102D(b) of this manual shall be made in quarterly installments equal to one quarter of the total except that the payment for the month of March 1991 shall be paid in its entirety rather than in installments. The usual quarterly payments shall be made (to the extent possible) on or before March 31, June 30, September 30, December 31, and any payments due and not made by those dates shall be made as soon thereafter as practicable.
- (8) All payments to hospitals are conditioned on:
- the expiration of the time of judicial appeals or on court determinations; and
 - the availability of sufficient moneys in the fund.